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GRAND MING GROUP HOLDINGS LIMITED

佳明集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1271)

(Unless otherwise specified, "\$" in this announcement shall mean Hong Kong dollar and "cent(s)" shall mean Hong Kong cent(s).)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

HIGHLIGHTS

- Revenue decreased by 96.1% to \$191.7 million (2022: \$4,920.1 million)
- Profit for the period decreased by 92.1% to \$111.1 million (2022: \$1,410.2 million). Basic earnings per share was 7.8 cents (2022: 99.3 cents)
- An interim dividend of 4.0 cents per share (2022: 6.0 cents per share) is declared
- Net assets as at 30 September 2023 amounted to \$2,823.7 million

The board (the “**Board**”) of directors (the “**Directors**”) of Grand Ming Group Holdings Limited (the “**Company**”) announces the unaudited interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2023 (“**FH 2023/24**”) together with the comparative figures for the six months ended 30 September 2022 (“**FH 2022/23**”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 September	
		2023	2022
		(Unaudited)	(Unaudited)
<i>Notes</i>		\$'000	\$'000
Revenue	5(a)	191,702	4,920,088
Direct costs		<u>(94,333)</u>	<u>(2,883,394)</u>
Gross profit		97,369	2,036,694
Other income and gain, net	5(b)	10,152	7,604
Selling expenses		(15,777)	(255,455)
General and administrative expenses		(29,469)	(27,108)
Changes in fair value of investment properties	10(a)	<u>109,822</u>	<u>(4,134)</u>
Profit from operations		172,097	1,757,601
Finance costs	6(a)	<u>(60,344)</u>	<u>(49,890)</u>
Profit before taxation	6	111,753	1,707,711
Income tax expenses	7	<u>(629)</u>	<u>(297,546)</u>
Profit for the period		<u>111,124</u>	<u>1,410,165</u>
		<i>Cents</i>	<i>Cents</i>
Earnings per share	9(a)		
- Basic		<u>7.8</u>	<u>99.3</u>
- Diluted		<u>7.8</u>	<u>99.3</u>

Details of the dividends are disclosed in note 8 to the condensed financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	\$'000	\$'000
Profit for the period	<u>111,124</u>	<u>1,410,165</u>
Other comprehensive income		
<i>Item that will not be reclassified to profit or loss:</i>		
Financial assets at fair value through other comprehensive income – net movement in fair value reserve	<u>(74)</u>	<u>(1,692)</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange difference on translation of foreign operations	(8,411)	(19,863)
Cash flow hedges – net movement in hedging reserve	<u>14,168</u>	<u>4,045</u>
	<u>5,757</u>	<u>(15,818)</u>
Other comprehensive income for the period, net of tax	<u>5,683</u>	<u>(17,510)</u>
Total comprehensive income for the period	<u><u>116,807</u></u>	<u><u>1,392,655</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2023 (Unaudited) \$'000	As at 31 March 2023 (Audited) \$'000
Non-current assets			
Fixed assets			
- Investment properties	10	5,382,000	4,594,220
- Property, plant and equipment		<u>827,178</u>	<u>837,043</u>
		6,209,178	5,431,263
Deferred tax assets		80,378	71,306
Intangible assets		500	500
Derivative financial instruments		22,826	5,857
Financial assets at fair value through other comprehensive income		9,591	9,665
Financial assets at fair value through profit or loss		<u>9,679</u>	<u>9,591</u>
		<u>6,332,152</u>	<u>5,528,182</u>
Current assets			
Inventories of properties		1,844,202	1,727,828
Contract assets		46,317	46,317
Trade and other receivables	11	153,781	233,051
Tax recoverable		2,812	3,063
Restricted and pledged deposits		497,158	386,367
Cash and bank balances		<u>76,409</u>	<u>225,434</u>
		<u>2,620,679</u>	<u>2,622,060</u>
Current liabilities			
Trade and other payables	12	189,442	197,905
Contract liabilities		1,423	1,005
Bank loans	13	1,149,195	770,948
Tax payable		<u>269,912</u>	<u>265,821</u>
		<u>1,609,972</u>	<u>1,235,679</u>
Net current assets		<u>1,010,707</u>	<u>1,386,381</u>
Total assets less current liabilities		<u>7,342,859</u>	<u>6,914,563</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

		As at 30 September 2023 (Unaudited) \$'000	As at 31 March 2023 (Audited) \$'000
Non-current liabilities			
Bank loans	<i>13</i>	4,437,420	3,859,106
Deferred tax liabilities		<u>81,736</u>	<u>73,624</u>
		<u>4,519,156</u>	<u>3,932,730</u>
NET ASSETS		<u>2,823,703</u>	<u>2,981,833</u>
CAPITAL AND RESERVES			
Share capital		14,202	14,198
Reserves		<u>2,809,501</u>	<u>2,967,635</u>
TOTAL EQUITY		<u>2,823,703</u>	<u>2,981,833</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 14 August 2012 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office and principal place of business are located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and 22/F, Railway Plaza, 39 Chatham Road South, Tsim Sha Tsui, Kowloon, Hong Kong respectively.

The Company is an investment holding company and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 9 August 2013.

The Group is principally engaged in the business of building construction, property leasing and property development.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2023 (the “**Interim Financial Statements**”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The Interim Financial Statements are unaudited but have been reviewed by the Company’s audit committee.

The Interim Financial Statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2023, except for the adoption of the amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual HKFRSs, HKAS and Interpretations issued by the HKICPA, as disclosed in note 3 to the condensed financial statements.

The Interim Financial Statements do not include all the information and disclosures required for full set of financial statements prepared in accordance with HKFRSs, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2023.

The financial information relating to the financial year ended 31 March 2023 that is included in the Interim Financial Statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. The auditor had expressed an unqualified opinion on those financial statements in their report dated 19 June 2023.

3. ADOPTION OF HKFRSs

In the current period, the Group has applied the following amendments to HKFRSs issued by the HKICPA which are effective for the Group’s financial year beginning on 1 April 2023:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform - Pillar Two Model Rules

The application of the amendments to HKFRSs in the current period has had no material impact on the Group’s results and financial position for the current and prior periods.

4. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to formulate strategic decisions.

The Group has three reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Construction: contracting of construction of residential buildings, commercial buildings and data centres for external customers and for the Group's companies
- Property leasing: leasing of data centres and commercial properties
- Property development: development and sale of properties

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segment's profit that is used by the chief operating decision-makers for assessment of segment performance.

(a) Segment revenue and results

Six months ended 30 September 2023 (unaudited)

	Construction \$'000	Property leasing \$'000	Property development \$'000	Inter- segment elimination \$'000	Total \$'000
Revenue from external customers	35,687	137,144	18,871	—	191,702
Inter-segment revenue	135,819	14,424	—	(150,243)	—
Total segment revenue	<u>171,506</u>	<u>151,568</u>	<u>18,871</u>	<u>(150,243)</u>	<u>191,702</u>
Segment results	<u>12,196</u>	<u>92,150</u>	<u>(4,978)</u>	<u>(18,207)</u>	81,161
Unallocated net income					3,996
Unallocated expenses					(22,882)
Changes in fair value of investment properties					109,822
Finance costs					<u>(60,344)</u>
Profit before taxation					<u>111,753</u>

Six months ended 30 September 2022 (unaudited)

	Construction \$'000	Property leasing \$'000	Property development \$'000	Inter- segment elimination \$'000	Total \$'000
Revenue from external customers	29,705	118,131	4,772,252	—	4,920,088
Inter-segment revenue	37,609	16,052	—	(53,661)	—
Total segment revenue	<u>67,314</u>	<u>134,183</u>	<u>4,772,252</u>	<u>(53,661)</u>	<u>4,920,088</u>
Segment results	<u>(18,463)</u>	<u>71,143</u>	<u>1,732,442</u>	<u>(10,093)</u>	<u>1,775,029</u>
Unallocated net income					1,822
Unallocated expenses					(15,116)
Changes in fair value of investment properties					(4,134)
Finance costs					(49,890)
Profit before taxation					<u>1,707,711</u>

(b) Other segment information

	Six months ended 30 September (Unaudited)									
	Construction		Property leasing		Property development		Unallocated		Total	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Additions to non-current segment assets	<u>174</u>	<u>175</u>	<u>676,377</u>	<u>61,159</u>	<u>51</u>	<u>—</u>	<u>780</u>	<u>66</u>	<u>677,382</u>	<u>61,400</u>

(c) Geographic information

All of the Group's revenue from external customers arises from customers located in Hong Kong. Substantially all the Group's non-current assets are also located in Hong Kong. Therefore, no further analysis of geographical information is presented.

(d) Timing of revenue recognition

	Six months ended 30 September (Unaudited)									
	Construction		Property leasing		Property development		Total			
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000		
At a point in time	—	—	—	—	18,871	4,772,252	18,871	4,772,252		
Transferred over time	35,687	29,705	26,992	18,466	—	—	62,679	48,171		
Revenue from other sources	—	—	110,152	99,665	—	—	110,152	99,665		
	<u>35,687</u>	<u>29,705</u>	<u>137,144</u>	<u>118,131</u>	<u>18,871</u>	<u>4,772,252</u>	<u>191,702</u>	<u>4,920,088</u>		

5. REVENUE AND OTHER INCOME AND GAIN, NET

Revenue which is derived from the Group's principal activities, and other income and gain, net are analysed as follows:

(a) Disaggregation of revenue

	Six months ended 30 September	
	2023 (Unaudited) \$'000	2022 (Unaudited) \$'000
Revenue from contract with customers within the scope of HKFRS 15		
Revenue from building construction	35,687	29,705
Rental related income	26,992	18,466
Sale of properties	18,871	4,772,252
Revenue from other sources		
Rental income	110,152	99,665
	191,702	4,920,088

(b) Other income and gain, net

	Six months ended 30 September	
	2023 (Unaudited) \$'000	2022 (Unaudited) \$'000
Bank interest income	4,979	790
Dividend income from unlisted fund investments	361	361
Forfeited deposits	262	2,801
Government subsidy (<i>note</i>)	–	3,361
Net foreign exchange loss	(1,344)	(3,269)
Others	5,894	3,560
	10,152	7,604

Note : The amount in 2022 represented the government grants obtained from Employment Support Scheme (“ESS”) under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Group's employees. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group does not have any unfulfilled obligations relating to this program.

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging /(crediting):

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	\$'000	\$'000
(a) Finance costs		
Interest on bank loans and other borrowing costs	111,993	72,757
Less: Amounts included in construction contracts in progress	–	(1,839)
Amounts capitalised	<u>(51,649)</u>	<u>(21,028)</u>
	<u>60,344</u>	<u>49,890</u>
(b) Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	64,697	69,772
Share-based payment expenses	7,468	–
Contributions to defined contribution retirement plans	<u>1,435</u>	<u>1,483</u>
	73,600	71,255
Less: Amounts included in construction contracts in progress	–	(10,485)
Amounts capitalised	<u>(28,423)</u>	<u>(22,961)</u>
	<u>45,177</u>	<u>37,809</u>
(c) Other items		
Direct operating expenses arising from investment properties that generated income	57,874	51,292
Depreciation	<u>10,941</u>	<u>13,421</u>

7. INCOME TAX EXPENSES

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	\$'000	\$'000
Current tax		
Provision for Hong Kong Profits Tax for the period	4,906	281,148
Over-provision in respect of prior years	<u>(517)</u>	<u>–</u>
	4,389	281,148
Deferred tax		
(Credited)/charged to profit or loss for the period	<u>(3,760)</u>	<u>16,398</u>
	<u>629</u>	<u>297,546</u>

Hong Kong Profits Tax is calculated at the rate 16.5% (2022: 16.5%) on the estimated assessable profits for the period arising in Hong Kong, except for the first \$2,000,000 of qualified group entity's assessable profit is calculated at 8.25% (2022: 8.25%), which is in accordance with the two-tiered profits tax rates regime.

Pursuant to the rules and regulations of the British Virgin Islands ("BVI") and the Cayman Islands, the Group is not subject to any income tax in the BVI and the Cayman Islands.

Under the Law of the People's Republic of China ("PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the statutory tax rate of the Group's PRC subsidiaries is 25% (2022: 25%). The Group had not generated any taxable profits in the PRC during the period (2022: Nil).

8. DIVIDENDS

(a) Dividends attributable to the interim period:

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	\$'000	\$'000
Special interim dividend declared and paid of Nil (2022: 20.0 cents) per share	–	283,908
Interim dividend declared after the interim period of 4.0 cents (2022: 6.0 cents) per share	<u>56,809</u>	<u>85,173</u>
	<u>56,809</u>	<u>369,081</u>

The interim dividend has not been recognised as a liability at the end of the reporting period.

(b) Dividends attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	\$'000	\$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period of 5.0 cents (2022: 4.0 cents) per share	71,006	56,782
Special dividend in respect of the previous financial year, approved and paid during the interim period of 15.0 cents (2022: Nil) per share	<u>213,018</u>	–
	<u>284,024</u>	<u>56,782</u>

9. EARNINGS PER SHARE

(a) Reported earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of \$111,124,000 (2022: \$1,410,165,000) and the weighted average number of 1,420,130,000 shares (2022: 1,419,542,000 shares) in issue during the period.

The calculation of diluted earnings per share is based on the following data:

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	\$'000	\$'000
Earnings:		
Profit for the period attributable to equity shareholders of the Company	<u>111,124</u>	<u>1,410,165</u>

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	'000	'000
Number of shares:		
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	1,420,130	1,419,542
Effect of dilutive potential ordinary shares on share options	1,449	—
Weighted average number of ordinary shares in issue for the purpose of diluted earnings per share	1,421,579	1,419,542

The diluted earnings per share for the six months ended 30 September 2023 is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's potentially dilutive ordinary shares comprised of share options.

The diluted earnings per share for the six months ended 30 September 2022 was the same as the basic earnings per share as the Company had no dilutive potential ordinary shares in existence.

(b) Underlying earnings per share

For the purpose of assessing the underlying performance of the Group, the underlying earnings per share are also presented based on the underlying profit attributable to equity shareholders of the Company of \$1,302,000 (2022: \$1,414,299,000), which excludes the effects of changes in fair value of investment properties. A reconciliation of the underlying profit is as follows:

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	\$'000	\$'000
Profit for the period	111,124	1,410,165
Changes in fair value of investment properties	(109,822)	4,134
Underlying profit for the period	1,302	1,414,299
	Cents	Cents
Underlying earnings per share		
- Basic	0.09	99.6
- Diluted	0.09	99.6

10. INVESTMENT PROPERTIES

(a) Revaluation of investment properties

The Group's investment properties and investment properties under development were revalued as at 30 September 2023 by Colliers International (Hong Kong) Limited, an independent firm of surveyors on a market value basis. The fair values of investment properties are determined using income capitalisation method or market comparison approach. The fair values of investment properties under development are determined using residential method.

As a result, a net fair value gain of \$109,822,000 (2022: net loss of \$4,134,000) on the investment properties and investment properties under development has been recognised in the condensed consolidated statement of profit or loss for the period.

- (b) The Group's investment properties and investment properties under development were pledged against bank loans, details of which are set out in note 13 to the condensed financial statements.

11. TRADE AND OTHER RECEIVABLES

	30 September 2023 (Unaudited) \$'000	31 March 2023 (Audited) \$'000
Trade receivables	29,130	36,597
Less: Loss allowance	<u>(817)</u>	<u>(786)</u>
	28,313	35,811
Deposits, prepayments and other receivables	<u>125,468</u>	<u>197,240</u>
	<u>153,781</u>	<u>233,051</u>

The ageing analysis of the Group's trade receivables (net of loss allowance), based on invoice dates, is as follows:

	30 September 2023 (Unaudited) \$'000	31 March 2023 (Audited) \$'000
Less than 1 month	22,156	22,167
More than 1 month but less than 3 months	6,125	12,848
More than 3 months but less than 6 months	–	67
More than 6 months	<u>32</u>	<u>729</u>
	<u>28,313</u>	<u>35,811</u>

The Group generally grants trade customers with a credit term of 30 days. Normally, the Group does not obtain collateral from customers.

12. TRADE AND OTHER PAYABLES

	30 September 2023 (Unaudited) \$'000	31 March 2023 (Audited) \$'000
Trade payables	43,857	47,377
Other payables and accrued charges	69,014	55,439
Rental and other deposits	4,810	4,650
Rent receipts in advance	2,816	9,268
Retention payables	<u>68,945</u>	<u>81,171</u>
	<u>189,442</u>	<u>197,905</u>

The ageing analysis of the Group's trade payables, based on invoice dates, is as follows:

	30 September 2023 (Unaudited) \$'000	31 March 2023 (Audited) \$'000
Less than 1 month	22,947	29,486
More than 1 month but less than 3 months	20,453	17,753
More than 3 months but less than 6 months	<u>457</u>	<u>138</u>
	<u>43,857</u>	<u>47,377</u>

13. BANK LOANS

	30 September 2023 (Unaudited) \$'000	31 March 2023 (Audited) \$'000
Bank loans		
- Secured	5,513,615	4,571,450
- Unsecured	73,000	58,604
	<u>5,586,615</u>	<u>4,630,054</u>

The bank loans were repayable as follows:

	30 September 2023 (Unaudited) \$'000	31 March 2023 (Audited) \$'000
Within 1 year or on demand and included in current liabilities	<u>1,149,195</u>	<u>770,948</u>
After 1 year and included in non-current liabilities:		
After 1 year but within 2 years	606,319	858,835
After 2 years but within 5 years	3,513,889	2,673,541
After 5 years	317,212	326,730
	<u>4,437,420</u>	<u>3,859,106</u>
	<u>5,586,615</u>	<u>4,630,054</u>

The bank loans were secured by the following assets:

	30 September 2023 (Unaudited) \$'000	31 March 2023 (Audited) \$'000
Investment properties	5,382,000	4,594,220
Property, plant and equipment	759,637	768,210
Financial assets at fair value through other comprehensive income	9,591	9,665
Inventories of properties	1,693,052	1,727,828
Pledged deposits	473,579	371,043
Other assets	28,790	35,971
	<u>8,346,649</u>	<u>7,506,937</u>

14. CONTINGENT LIABILITIES

As at 30 September 2023 and 31 March 2023, the Group did not have any material contingent liabilities.

INTERIM DIVIDEND

The Board declares to pay an interim dividend of 4.0 cents per share to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company on 1 December 2023. The interim dividend will be paid to Shareholders on 20 December 2023.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to the interim dividend, the register of members of the Company will be closed from 29 November 2023 to 1 December 2023, both days inclusive, during which period no share transfer will be registered. In order to qualify for entitlement to the interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 28 November 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Property Development – Hong Kong

The Grand Marine

This residential development is located at No. 18 Sai Shan Road, Tsing Yi, the New Territories. It offers 776 units with a total gross floor area of approximately 400,000 square feet. This project was well received by the market with over 94% of the units being sold up to the date of this announcement.

The Grands

This development is located at No. 45 Pau Chung Street in To Kwa Wan, Kowloon in close proximity to MTR To Kwa Wan station. The site is being redeveloped into a residential tower with 76 units and clubhouse facilities with retail shops on the ground and first floor covering a total gross floor area of approximately 31,000 square feet. The project has been completed and put up for pre-sale in June 2023. As at the date of this announcement, approximately 56% of the units were sold with contracted sales of approximately \$210 million being achieved. The development has obtained its occupation permit in August 2023, with handover of the pre-sold units commencing in October 2023.

Fanling project

This project, situated at No. 1 Luen Fat Street, Fanling, the New Territories, is planned to develop into a residential-cum-retail complex with a total gross floor area of approximately 36,000 square feet. The Group had accepted the provisional basic terms for land exchange to residential and commercial uses and is currently awaiting an indication of the land premium. The foundation work is now completed, and the development is scheduled to be completed in mid-2025.

North Point project

This project, comprising a building at No. 66 Fort Street and a vacant land at No. 57 Kin Wah Street in North Point, Hong Kong, covers a site area of approximately 3,240 square feet with a developable gross floor area of approximately 30,000 square feet in aggregate. It is planned to redevelop the site into a residential-cum-commercial project with target completion by 2027. Hoarding works for demolishing the existing building at No. 66 Fort Street is currently in progress.

Cristallo

This luxury residential project, at No. 279 Prince's Road West, Kowloon, was well received in the market. As at 30 September 2023, 15 units out of the total 18 units had been sold.

Property Development – Mainland China

The Group's development project in Mainland China is located at Guangxi-ASEAN Economic and Technological Development Zone, Wuming District, Nanning City, Guangxi Province with a site area of approximately 574,000 square feet. It is planned to be developed into a luxury residential project under the theme of leisure and healthy lifestyle, comprising high-rise apartment units, villas, retail shops and a wellness centre. Target customers will include elderlies and retirees and their families. The estimated gross floor area of the proposed development is approximately 1,100,000 square feet. Basement and earthwork excavation are now underway.

Data Centre Premises Leasing

The Group currently owns two data centres, namely iTech Tower 1 and iTech Tower 2. Revenue from its leasing business recorded an increase of 17% year-on-year to \$133.2 million. This was mainly driven by the increasing utilisation of data centre spaces by the customers.

The two greenfield sites at No. 3 On Kui Street and No. 8 On Chuen Street in Fanling, the New Territories are being developed into two new high-tier data centres for leasing purposes, with a gross floor area of approximately 185,700 square feet in aggregate. The change of land use through land exchange for both sites have been completed in June 2023. Superstructure works at No. 3 On Kui Street is in progress and the project is scheduled for completion in mid-2025. Foundation works at No. 8 On Chuen Street has also commenced and the development is scheduled to be completed in mid-2026.

Construction

The Group's construction business consists of provision of building services as a main contractor in property development projects, as well as existing building alterations, renovation and fitting-out works services for prominent local developers, public institutions and the Group's companies. As at 30 September 2023, the Group possessed contracts (inclusive of external customers and the Group's companies) with an aggregate value of approximately \$2.1 billion.

Construction revenue derived from external customers for FH 2023/24 amounted to \$35.7 million, representing an increase of 20.1% compared to that of FH 2022/23.

OUTLOOK

The global and Hong Kong economic landscapes are expected to continue exhibiting considerable volatility. Despite the reopening of the border between Hong Kong and the Mainland China and lifting of the pandemic control measures since the beginning of this year, a confluence of factors, including a rising interest rate environment, global inflation, geopolitical tensions and concern over the economic growth of the Mainland China, has clouded the recovery of the Hong Kong economy.

We managed to launch the sale of The Grands with a positive market response amid such unfavourable circumstances. We continue to endeavour to sell the remaining units of The Grands as well as The Grand Marine and Cristallo. For data centre business, we remain committed to providing reliable services and support to our customers. Besides, the Group strives to develop the two new high-tier data centres in Fanling, and ensure the completion and delivery of these two data centres as scheduled.

In the face of ongoing uncertainties and challenges, we will focus on enhancing the business operations and managing the financial position of the Group. Meanwhile, we remain cautious in exploring potential

development projects that will bring sustainable development for the Group.

FINANCIAL REVIEW

In FH 2023/24, the Group's consolidated revenue amounted to \$191.7 million (FH 2022/23: \$4,920.1 million), representing a decline of 96.1% as compared to FH 2022/23. The consolidated gross profit also decreased by 95.2% to \$97.4 million (FH 2022/23: \$2,036.7 million). These are primarily due to a substantial decrease in the number of properties sold from the property development projects during the period under review.

Operating expenses (inclusive of selling and general and administrative expenses) for the period reduced by 84.0% to \$45.2 million (FH 2022/23: \$282.6 million), largely because of the reduction of agency commission incurred following the decline in the sales of properties.

An unrealised fair value gain on investment properties and investment properties under development of \$109.8 million (FH 2022/23: loss of \$4.1 million) was recognised in FH 2023/24, mainly arising from the revaluation of the two data centres under development. Gain on revaluation was recorded during the period under review due to the completion of the change of land use of the aforesaid two sites with the land premium involved being fully settled.

Finance costs for the period increased by 21.0% to \$60.3 million (FH 2022/23: \$49.9 million), primarily due to an increase in interest rate during the period under review.

Net profit for FH 2023/24 decreased by 92.1% to \$111.1 million (FH 2022/23: \$1,410.2 million). Excluding the change in fair value of investment properties, the Group recorded an underlying profit of \$1.30 million in FH 2023/24 (FH 2022/23: \$1,414.3 million), representing a decrease of 99.9% as compared to that in FH 2022/23.

LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its operations and capital expenditure with internally generated cash flows and through bank borrowings. A variety of credit facilities are maintained which had contracted repayment terms ranging from repayable on demand to about 18 years. As at 30 September 2023, the Group had outstanding bank borrowings of approximately \$5,587 million (31 March 2023: approximately \$4,630 million), all of which were denominated in Hong Kong dollars. The increase in the bank borrowings was primarily due to the drawdown of bank loans during the period under review for refinancing a portion of the land acquisition costs and the land premium payment, and funding the construction of the two data centre development in Fanling. As at 30 September 2023, the Group's gearing ratio (defined as total interest-bearing borrowings divided by shareholders' equity) was approximately 197.8% (31 March 2023: approximately 155.3%), and the current ratio (defined as current assets divided by current liabilities) was 1.63 times (31 March 2023: 2.12 times).

As at 30 September 2023, the Group had cash and bank balances of approximately \$573.6 million (31 March 2023: approximately \$611.8 million). The cash and bank balances were denominated in Hong Kong dollars and Renminbi.

INTEREST RATE RISK

The Group's interest rate risk arises primarily from bank borrowings, which bear interest at floating rates. The Group had in place a treasury policy by which the exposure to floating interest rate risk was mitigated by use of interest rate swaps. As at 30 September 2023, the Group had outstanding interest rate swaps with a notional amount of approximately \$1,049 million. These swaps have fixed interest rates ranging from 1.3% to 3.4% per annum and will mature between March to July 2025.

FOREIGN CURRENCY RISK

The Directors consider that the Group's foreign currency risk is insignificant as substantially all the Group's transactions are denominated in Hong Kong dollars. The Group currently had not implemented any foreign currency hedging policy. However, the management monitors the Group's foreign exchange exposure closely and may consider adopting foreign currency hedging policy in the future depending on the circumstances and the trend in currency fluctuations.

CHARGE ON ASSETS

As at 30 September 2023, certain assets of the Group with an aggregate carrying amount of approximately \$8,347 million were pledged to secure bank loans of approximately \$5,514 million granted to the Group.

EVENTS AFTER REPORTING PERIOD

There were no significant events after the reporting period up to the date of this announcement.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 September 2023.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There was no material acquisition or disposal of subsidiaries and associated companies by the Company during FH 2023/24.

EMPLOYEES AND REMUNERATION POLICIES

The Group had a total of 156 employees as at 30 September 2023. Total remuneration of employees for FH 2023/24 was approximately \$73.6 million. The remuneration policy and packages of the Group's employees are periodically reviewed by making reference to the prevailing market conditions. The components of remuneration packages consist of basic salary, benefits-in-kind, fringe benefits and contributions to mandatory provident funds, as well as discretionary bonuses which are determined according to individual performance of employees.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during FH 2023/24.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with all the code provisions as set out in the Corporate Governance Code as contained in Part 2 of Appendix 14 to the Listing Rules throughout FH 2023/24.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Having made specific enquiries to all Directors by the Company, all Directors confirmed their compliance with the required standard set out in the Model Code throughout FH 2023/24.

AUDIT COMMITTEE

The Company established the audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules. It comprises all four independent non-executive Directors, namely Mr. Ho Chiu Yin Ivan (committee chairman), Mr. Tsui Ka Wah, Mr. Kan Yau Wo and Mr. Lee Chung Yiu Johnny.

The Audit Committee has reviewed the Group’s unaudited condensed consolidated interim financial statements for FH 2023/24, and discussed with the management of the Company on the accounting principles and policies adopted by the Group with no disagreement by the Audit Committee.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement has been published on the websites of the Company (www.grandming.com.hk) and the Stock Exchange (www.hkexnews.hk). The interim report of the Company for FH 2023/24 containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the websites of the Company and the Stock Exchange in due course.

By Order of the Board
Grand Ming Group Holdings Limited
Chan Hung Ming
Chairman and Executive Director

Hong Kong, 8 November 2023

As at the date of this announcement, the executive Directors are Mr. Chan Hung Ming, Mr. Lau Chi Wah, Mr. Kwan Wing Wo and Ms. Tsang Ka Man; and independent non-executive Directors are Mr. Tsui Ka Wah, Mr. Kan Yau Wo, Mr. Ho Chiu Yin Ivan and Mr. Lee Chung Yiu Johnny.